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Bill on Health Benefits Is Given Chance

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By JOHN CRAMER

The AFL-CIO Government Employees Council has endorsed proposed legislation permitting an interchange of credits between the Social Security System and the Civil Service Retirement System.

And the legislation, originally sponsored in 1956 by Rep. Chet Holifield (D., Cal.), continues to loom as something which stands an excellent chance of passage by the next Congress.

- It would benefit Government—by making the Federal service more attractive.

- It would benefit employees—mainly by giving them additional survivorship insurance during their first years of Government service.

- Its cost presumably would be small, and perhaps could be handled without direct appropriation.

- And it would not involve so-called "co-ordination" of Social Security and the Civil Service Retirement System, a formula once determinedly pushed by the Eisenhower Administration, but strongly opposed by Federal worker organizations.

It would have, however, a principal objective of co-ordination by extending survivorship protection to short-term Federal employees.

And for this reason, the plan may be opposed by Health, Education and Welfare Department which still clings to the co-ordination dream.

STOP SHORT

In practice, the Holifield plan would stop short of a true interchange of credits between SS and the CS Retirement System.

The flow of funds would be down a one-way street—from the CS System to Social Security, but never in reverse.

Here is how it would work:

- A new employee entering the Federal service would be under the Civil Service Retirement System, just as he now is. He would pay 6.5 per cent of his base salary into the CSR Fund.

- But if he left Government within 5 years, he would not get the present full rebate of all money he had paid into the Fund. Instead, there would be deducted from his

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...whatever was necessary to give him Social Security coverage for the period of his Federal service. This would go to build up his eventual Social Security pension at 65.

If the employee died within his first 5 years of Federal service, his survivors would get Social Security survivorship benefits. The Retirement Fund would reimburse SS for the total cost of these benefits. This would be the only direct charge against the Fund.

At present, Federal employees aren't eligible for survivorship benefits until they complete 5 full years under the CSR System.

Thus, the new plan would fill a major gap.

In effect, it would mean that Government, as an employer, would begin giving its own employees the same survivorship protections it al-

ready requires by law for non-Government workers.

The Holifield formula also could benefit certain elderly people.

Example: A woman is widowed at 60 and goes to work for Government. At 64, she is forced to leave. Under present law, she would get no retirement benefits from her Federal service. Under the Holifield plan, however, her wage credits would be transferred to Social Security in exchange for benefits from that system.

The plan just possibly can win Administration support.

Its prospects are better than you might suppose.

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